Composition of Ginnie Mae Loans by Credit Score Buckets

Source: Urban Institute calculations of data provided by Ginnie Mae.
## Typical Credit Characteristics on Ginnie Mae Loans (Median)

### No Forbearance

|                     | Overall | Purchase | Purchase – First time homebuyer | Purchase – Non First-time homebuyer | Refinance | Refinace 
|---------------------|---------|----------|---------------------------------|-------------------------------------|-----------|-----------
| Credit Score        | 687     | 686      | 680                             | 701                                 | 698       | 621       
| Debt-to Income-Ratio| 40.0%   | 40.5%    | 40.3%                           | 41.2%                               | 37.9%     | 40.0%     
| Loan-to-Value Ratio | 96.5%   | 96.5%    | 96.5%                           | 96.5%                               | 89.0%     | 96.3%     

### In COVID-related Forbearance

|                     | Overall | Purchase | Purchase – First time homebuyer | Purchase – Non First-time homebuyer | Refinance | Refinance 
|---------------------|---------|----------|---------------------------------|-------------------------------------|-----------|-----------
| Credit Score        | 664     | 665      | 663                             | 671                                 | 668       | 624       
| Debt-to Income-Ratio| 43.7%   | 44.0%    | 43.8%                           | 45.0%                               | 42.5%     | 41.0%     
| Loan-to-Value Ratio | 96.5%   | 96.5%    | 96.5%                           | 96.5%                               | 90.0%     | 96.3%     

Source: Urban Institute calculations of data from Ginnie Mae (loan modifications include both HAMP and non-HAMP).
# Fannie Mae Loans in Forbearance

<table>
<thead>
<tr>
<th>Coupon rate</th>
<th>December 2019 to June 2020</th>
<th>May 2020</th>
<th>June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>64,598</td>
<td>2,135,661</td>
<td>3.0%</td>
</tr>
<tr>
<td>2.5%</td>
<td>13,585</td>
<td>896,078</td>
<td>1.5%</td>
</tr>
<tr>
<td>3.0%</td>
<td>31,453</td>
<td>684,993</td>
<td>4.6%</td>
</tr>
<tr>
<td>3.5%</td>
<td>10,231</td>
<td>188,322</td>
<td>5.4%</td>
</tr>
<tr>
<td>4.0%</td>
<td>5,123</td>
<td>74,251</td>
<td>6.9%</td>
</tr>
<tr>
<td>4.5%</td>
<td>2,215</td>
<td>33,056</td>
<td>6.7%</td>
</tr>
<tr>
<td>5.0%</td>
<td>533</td>
<td>5,392</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

**Sources:** Urban Institute calculations from eMBS data.
The nonbank share remains high as credit tightens

Nonbank Origination Share: All Loans

Agency FICO: Bank vs. Nonbank

Source: Urban Institute and eMBS
FICOs converge in GSE lending, remain spread in Ginnie

GSE FICO: Bank vs. Nonbank

Ginnie Mae FICO: Bank vs. Nonbank

Source: Urban Institute and eMBS
First time homebuyers still dominate purchase loans

**First-Time Homebuyer Share**

- **GSEs**
- **FHA**
- **VA**

**GSE & FHA, Average FICO**

**Sources**: eMBS, Federal Housing Administration (FHA ) and Urban Institute.

**Note**: All series measure the first-time homebuyer share of purchase loans for principal residences.
## Already Tightening Going into COVID-19, Accelerated by the Virus

Percent of mortgages with FICO < 700 and DTI > 40

<table>
<thead>
<tr>
<th></th>
<th>Ginnie Mae Purchase</th>
<th>Ginnie Mae Refi</th>
<th>Fannie Mae Purchase</th>
<th>Fannie Mae Refi</th>
<th>Freddie Mac Purchase</th>
<th>Freddie Mac Refi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2019</td>
<td>44.2</td>
<td>38.5</td>
<td>9.2</td>
<td>13.6</td>
<td>6.4</td>
<td>9.0</td>
</tr>
<tr>
<td>Jan. 2020</td>
<td>38.0</td>
<td>12.8</td>
<td>5.9</td>
<td>6.2</td>
<td>5.0</td>
<td>6.6</td>
</tr>
<tr>
<td>May 2020</td>
<td>36.4</td>
<td>6.7</td>
<td>5.1</td>
<td>3.2</td>
<td>4.2</td>
<td>3.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FTHB Purchase</th>
<th>Repeat Purchase</th>
<th>FTHB Refinance</th>
<th>Repeat Refinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Agency</td>
<td>16.0</td>
<td>6.6</td>
<td>-</td>
<td>19.88</td>
</tr>
<tr>
<td></td>
<td>14.1</td>
<td>5.8</td>
<td>-</td>
<td>8.58</td>
</tr>
<tr>
<td></td>
<td>12.7</td>
<td>5.3</td>
<td>-</td>
<td>4.05</td>
</tr>
</tbody>
</table>

**Sources:** Urban Institute calculations from eMBS data.
Origination volumes in 2020 are expected to be the highest they have been since 2003

First Lien Origination Volumes

($ trillions)

Sources: 2001-2019 originations from Inside Mortgage Finance and Urban Institute calculations, data as of May 2020. 2020 origination volume is an average of Fannie Mae, Freddie Mac, and MBA forecasts, data as of July 2020.
This reflects very high refinance volume

Percent Refi at Issuance

Sources: eMBS and Urban Institute.
Note: Based on at-issuance balance. Figure based on data from June 2020.
As a result of this, the primary spreads are very high relative to the 10-year treasury note.

**Spread, bps, PMMS rate vs. 10-yr Treasury**

Source: US Treasury, Fannie Mae, Moody’s Analytics.

Average spread: 174.7933
Last spread: 242.7922
Originator profitability is very near an all time high

Originator Profitability and Unmeasured Costs (OPUC)


Note: OPUC is a is a monthly (4-week moving) average as discussed in Fuster et al. (2013).
Heavy refi activity has caused Fannie and Freddie share to expand more than the Ginnie Share

**Monthly Gross Issuance**

- **Freddie Mac**
- **Fannie Mae**
- **Ginnie Mae**

($ billions)

**Ginnie Mae Share of Monthly Gross Issuance**

Sources: eMBS, Federal Reserve Bank of New York, and Urban Institute.
Shift from Ginnie Mae to Conventionals is clear in both gross and net supply

### Agency Gross Issuance

<table>
<thead>
<tr>
<th>Issuance Year</th>
<th>GSEs</th>
<th>Ginnie Mae</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$1,003.5</td>
<td>$390.7</td>
<td>$1,394.3</td>
</tr>
<tr>
<td>2011</td>
<td>$879.3</td>
<td>$315.3</td>
<td>$1,194.7</td>
</tr>
<tr>
<td>2012</td>
<td>$1,288.8</td>
<td>$405.0</td>
<td>$1,693.8</td>
</tr>
<tr>
<td>2013</td>
<td>$1,176.6</td>
<td>$393.6</td>
<td>$1,570.1</td>
</tr>
<tr>
<td>2014</td>
<td>$650.9</td>
<td>$296.3</td>
<td>$947.2</td>
</tr>
<tr>
<td>2015</td>
<td>$845.7</td>
<td>$436.3</td>
<td>$1,282.0</td>
</tr>
<tr>
<td>2016</td>
<td>$991.6</td>
<td>$508.2</td>
<td>$1,499.8</td>
</tr>
<tr>
<td>2017</td>
<td>$877.3</td>
<td>$455.6</td>
<td>$1,332.9</td>
</tr>
<tr>
<td>2018</td>
<td>$795.0</td>
<td>$400.6</td>
<td>$1,195.3</td>
</tr>
<tr>
<td>2019</td>
<td>$1,042.6</td>
<td>$508.6</td>
<td>$1,551.2</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>$889.7</td>
<td>$340.9</td>
<td>$1,230.6</td>
</tr>
<tr>
<td>2020 YTD % Change YOY</td>
<td>135.4%</td>
<td>75.7%</td>
<td>115.1%</td>
</tr>
<tr>
<td>2020 Ann.</td>
<td>$1,779.4</td>
<td>$681.7</td>
<td>$2,461.4</td>
</tr>
</tbody>
</table>

### Agency Net Issuance

<table>
<thead>
<tr>
<th>Issuance Year</th>
<th>GSEs</th>
<th>Ginnie Mae</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-$303.20</td>
<td>$198.30</td>
<td>-$105.00</td>
</tr>
<tr>
<td>2011</td>
<td>-$128.40</td>
<td>$149.60</td>
<td>$21.20</td>
</tr>
<tr>
<td>2012</td>
<td>-$42.40</td>
<td>$119.10</td>
<td>$76.80</td>
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<tr>
<td>2013</td>
<td>$69.10</td>
<td>$87.90</td>
<td>$157.00</td>
</tr>
<tr>
<td>2014</td>
<td>$30.5</td>
<td>$61.6</td>
<td>$92.1</td>
</tr>
<tr>
<td>2015</td>
<td>$75.1</td>
<td>$97.3</td>
<td>$172.5</td>
</tr>
<tr>
<td>2016</td>
<td>$127.4</td>
<td>$125.8</td>
<td>$253.1</td>
</tr>
<tr>
<td>2017</td>
<td>$168.5</td>
<td>$131.3</td>
<td>$299.7</td>
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<tr>
<td>2018</td>
<td>$149.4</td>
<td>$112.0</td>
<td>$261.5</td>
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<tr>
<td>2019</td>
<td>$197.8</td>
<td>$95.7</td>
<td>$293.5</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>$214.4</td>
<td>$41.6</td>
<td>$256.0</td>
</tr>
<tr>
<td>2020 YTD % Change YOY</td>
<td>248.3%</td>
<td>-9.7%</td>
<td>137.9%</td>
</tr>
<tr>
<td>2020 Ann.</td>
<td>$428.9</td>
<td>$83.2</td>
<td>$512.1</td>
</tr>
</tbody>
</table>

**Sources:** eMBS and Urban Institute.

**Note:** Dollar amounts are in billions. Data as of June 2020.
The 15-year share is as high as it has been in the last 7 years

Product Composition

Sources: Black Knight, eMBS, HMDA, SIFMA and Urban Institute.
Note: Includes purchase and refinance originations.
GSE Risk-Sharing Indices: M Indices Spreads

Sources: Vista Data Services and Urban Institute.
Note: Data as of July 15, 2020.
Total Fed Purchases

($ billions)

Sources: eMBS, Federal Reserve Bank of New York and Urban Institute.

June 2020
Musings on the COVID-19 Recession & Highlights from Equifax Credit Trends

Urban Institute Monthly Mortgage Chartbook Review
July 29, 2020
This Time It’s Different – Home Mortgages

2008 – Speculative Bubble

- Minimal support for Household incomes (one round fiscal stimulus)
- Temporary foreclosure moratorium
- Forbearance not easy to get
- Credit damaged by forbearance
  - Element of a moral deficiency on the part of consumers unable to meet obligations
  - Forbearance granted for delinquent mortgages – not as prevention of distress
- Rumors of rampant “strategic” defaults occurring – Actual share likely closer to 10%
- Home prices falling sharply, beginning in 2006 nationally

2020 – Act of God

- Strong support for Household incomes
- Foreclosure & eviction moratoria thru July 30
- Automatic forbearance if requested up to 12 mos. on federally-backed mortgages & on student loans through Sept 30.
- Credit not damaged by forbearance under CARES Act accommodations
  - Most federal student loans eligible and are to be reported as current under CARES Act forbearance program
  - COVID-19 accommodations not able to increase depth of delinquency in accommodation period on credit reports
- Default option minimized by forbearance which maintains house price stability
This Time It’s Different – Default Incentives

2008

- Foreclosure timelines extended:
  - Minimum 300-days; effectively much longer
  - Some states (esp. judicial foreclosure) to more than 1000 days between DDLPI & sale
- Major policies to support housing market focused on
  - Home Affordable Refinance Program
  - Home Affordable Modification Program
- **Huge default incentive:**
  Free rent for 1000+ days or an “affordable” payment >0 under HAMP?

2020 (so far)

- Delinquency and foreclosure not an issue *at present*
- Payment forbearance to end with arrears payments put into modification or lump sum due at mortgage termination
- **No default incentive for mortgage borrowers:** “Up to one-year free rent” granted through deferral to homeowners with mortgages and most have positive equity
Consumer Credit Trends from Equifax
As Mortgage Rates Have Fallen to Record Lows in Recent Months, Refinance Originations Have Jumped

FICO Score® 5 Distribution & Average for Originations in the Week Ending on Date Shown (% of Accounts)

Source: AC Cutts & Associates: Equifax: www.equifax.com/business/market-pulse-credit-trends. Mortgage origination data may be subject to revision for up to 12 months due to reporting lags – Most recent two months will see largest revisions. FICO Score is a registered trademark of Fair Isaac Corporation.
Mortgage Delinquency Rates Have Fallen Rapidly in Recent Weeks; HELOC Rate Is Steady

60+ Days Past Due Rate as a Percent of Accounts and Balances; NSA; Excludes Severe Derogatory, & Accommodations*

Source: Equifax; www.equifax.com/business/market-pulse-credit-trends; Data as reported through week ending July 13, 2020. Accounts that are in a forbearance or other accommodation plan are included at the level of reported delinquency. Loans in accommodations are not considered delinquent for this metric.
Delinquency Rates Continue to Trend Down on Credit Cards & Balances Have Fallen $90 Billion

Number of Bankcard Accounts in Millions (left); NSA; Bankcard Balances in $Billions (right); NSA

60+ Days Past Due Rate on Bankcards as a Percent of Accounts and Balances; NSA; Excludes Severe Derogatory, Accommodations*, and Bankruptcy

Source: Equifax: www.equifax.com/business/market-pulse-credit-trends; Data as reported through week ending July 6, 2020. Accounts that are in a forbearance or other accommodation plan are included at the level of reported delinquency. Loans in accommodations are not considered delinquent for this metric.
Despite Wide Speculation, Consumers Are Not Using HELOC’s or Credit Cards for Support

Total Credit Limit in $Trillions (Bankcard & HELOC) or $Billions (Retail Card), left axis; Utilization Rate in %, right axis, NSA

Credit Limits
- Bankcards
- Private Label Retail Cards
- HELOCs

Utilization Rate

The CARES Act COVID-19 Credit Account Accommodations
Background: Loan Accommodations

- A loan accommodation is any form of relief that lenders offer to a borrower in times of hardship (job loss, natural disaster, illness, and military deployment are examples).
- Lenders have always utilized some form of loan accommodations as tool to assist borrowers.
- Data furnishers have numerous options to choose from to indicate to a CRA that they have made an accommodation with their borrower.
- Data furnishers should consult CDIA guidance when considering options for reporting an accommodation (https://www.cdiaonline.org/covid-19/)
- Equifax Credit Trends enables tracking of six of these possible options outlined below:
  - Deferred
  - Account Included in Forbearance
  - Affected by Natural or Declared Disaster
  - Loan Modification
  - Partial Payment Plan
  - Inferred - Account with a balance and no reported scheduled payment or special narrative code

Collectively Referred to as “Possible Accommodations”
Student Loan Delinquencies Plummeted as CARES Act Mandates Were Implemented

The CARES Act states that loans held by the U.S. Department of Education will automatically have all payments suspended, be reported as current, with no interest accrual, through Sep 30, 2020.

Possible Accommodations as a Share of Current Period Active Trades, %, NSA

Severe Delinquency Rate (90+ DPD), %, NSA

Source: Equifax Credit Trends. Data as reported through July 14, 2020. Delinquency rate calculated on nondeferred loans only.
Possible Accommodations on Mortgages & Home Equity Accounts Have Come Down From Peak

Possible Accommodations as a Share of Current Period Active Trades, %, NSA

First Mortgages

HELOCs

Home Equity Installment Loans

Source: Equifax Credit Trends. Data as reported through July 14, 2020.
About Amy Crews Cutts, PhD CBE®

Amy is the President and Chief Economist of AC Cutts & Associates LLC. She was previously Senior Vice President and Chief Economist for Equifax and Senior Director and Deputy Chief Economist at Freddie Mac before that. With over 25 years of economic analysis and policy development experience, Amy is a passionate advocate for expanding consumer access to low-cost, nonpredatory credit. She is a noted expert in credit reporting, consumer and small business credit markets, loan servicing, securitization, residential real estate including home equity and price indices, and trends in employment and compensation.

A polished and engaging presenter, Cutts is a sought-after speaker and panelist. Often quoted in national print and broadcast media, she has also published numerous studies in academic journals and books on such topics as the economics of subprime lending, the impact of technology on foreclosure prevention, and drivers of strategic mortgage default. In 2015 she won the Pulsenomics® Crystal Ball Award for Outstanding Performance in The Zillow® Home Price Expectations Survey for her forecast accuracy and is a participant in the Wall Street Journal’s Monthly Survey of Leading Economists.

She earned a Bachelor of Science degree in Applied Mathematics from Trinity University, San Antonio, TX and a Masters and PhD from the University of Virginia, Charlottesville, VA. She resides in Reston, VA.
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  - @MyHomeMatters: Co-VP Alanna McCargo

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